

Appian Euro Liquidity Fact Sheet Fund

DECEMBER 2017

About Appian Asset Management

Appian is an independent Irish owned asset management company. Since our establishment in 2003 our investment philosophy has been to achieve solid investment growth with the minimum of risk and volatility. Our objective is to preserve and grow capital through value investing on a sustainable, risk adjusted basis. We ignore investment fashions and do not leverage any of our investments.

The Appian Euro Liquidity Fund was set up in response to our clients' demands for a diversified Euro liquidity fund which would be actively and prudently managed with a view to minimising risk on cash deposits.

The Appian Euro Liquidity Fund has the following features:

- The fund may invest in bank deposits with terms of up to 5 years.
- The fund may invest in government and corporate debt securities with maturities of less than 5 years.
- No more than 30% of the fund can be placed on deposit with any single credit institution.
- Detailed due diligence and credit analysis is completed prior to any investment.
- The fund's investments are in Euro.
- The fund assets will be appropriately diversified through fundamental analysis of each investment.

Appian Euro Liquidity Fund Performance 02.01.18									
Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Appian Euro Liquidity Fund	2.84%	2.37%	1.10%	0.26%	-0.09%	-0.13%	-0.04%	-0.21%	-0.42%
Moneymate Sector Average Cash	1.61%	0.75%	0.57%	0.34%	0.61%	0.07%	-0.06%	-0.35%	-0.47%

Investment Team

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Key Features

- Focus on counterparty risk
- A well-diversified portfolio of cash and highly liquid assets
- All investments in Euro
- No entry, exit or performance fees
- No more than 30% with a single institution
- Independent Trustee Custodian and Administrator

Appian Euro Liquidity Fund Review, Quarter 4 2017

The Fund was down -0.12% for the fourth quarter and down -4.2% for 2017 as the ECB kept interest rates at historically low levels and core inflation continued to reside at levels below the ECB's stated target.

Markets continue to focus on political developments and the actions and verbal communications from monetary authorities. Global growth remains positive with economic indicators suggesting an increasing improvement in consumer sentiment.

Benchmark yields rose in the US as Congress signed off on the tax "reform" bill promoted by the Trump administration. Whilst the tax bill proved unpopular on the basis that it was expected to be most beneficial to corporations and the top 1% it should provide some stimulus to the economy. The consensus view was that the fiscal stimulus would increase GDP by circa .3% but it would substantially increase the deficit. In addition, it was felt at this stage of the economic cycle that a fiscal stimulus was not required with the economy operating at close to full employment.

For much of the quarter yields for core Eurozone bonds continued to be repressed due to investors' concerns with low inflation in a relatively benign economic environment and continuing QE from the ECB. However, the ECB did announce a reduction in their QE programme. Beginning in January 2018, the ECB will reduce its monthly purchases from €60b a month to €30b. These monthly purchases will end in September '18 however, the ECB has suggested that if required their QE programme could be reignited and extended. The Catalan regional election provided some political risk and the results would suggest that the issues surrounding Catalan independence have yet to be resolved conclusively. Less concerning but noteworthy was the continued difficulties associated with putting together a functioning German government coalition.

The primary focus of the Fund is the security of assets and this is reflected in both the duration and credit quality of the Fund's counterparties.

Fund Facts

LAUNCH DATE

January 2009

NAME

Appian Liquidity Fund

FUND SIZE

€7 million

PRICING FREQUENCY

Weekly

PRICING BASIS

Single Price

ANNUAL MANAGEMENT

CHARGE

0.25% p.a.

FUND CUSTODIAN

**BNP Paribas
Securities Services**

STRUCTURE

**Retail Investor Alternative
Investment Fund**